

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 601 - SB 1181

April 10, 2023

SUMMARY OF BILL: Requires certain utilities to prioritize the provision of electric services to a healthcare facility when engaging in load management for the electric service system. Requires the Comptroller of the Treasury (COT) and the Tennessee Public Utility Commission (TPUC) to enforce the act.

FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- The proposed legislation applies to municipal energy authorities, public utilities, and cooperatives.
- Public utilities, as defined by Tenn. Code Ann. § 65-4-101(6)(A), do not include state or locally owned utilities, but only to the extent that the locally-owned entity distributes natural gas to retail customers within the municipal boundaries or urban growth boundaries of a Tennessee city or town adjoining such bordering state.
- Per the proposed language, load management means the process of balancing the supply of electricity on a network, or in a system, by adjusting or controlling the load rather than the power station output.
- In order to prioritize healthcare facilities while engaging in load management, utilities will either reduce or shut off power to other customers, which may result in more or less revenue generated to the utility during periods of load management.
- Any increase or decrease to local revenue would be dependent on the individual circumstances of each utility. Therefore, any fiscal impact to local revenue cannot be estimated.
- Furthermore, a utility may require updates to the electric infrastructure that serves a healthcare facility in order to comply with the proposed legislation. Any such updates will vary across utility systems and cannot be estimated.
- Pursuant to Tenn. Code Ann. § 7-36-119(a), a municipal energy authority shall prescribe and collect rates, fees, or charges for the services made available by the authority to remain self-supporting.
- It is assumed that any decrease in revenue or increase to expenditures would be offset by increased rates; therefore, any net impact to municipal energy authorities is considered not significant.

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- The COT and the TPUC are responsible for enforcement actions against electric systems that do not comply. However, the proposed legislation does not prescribe any penalties.
- According to the COT and the TPUC, the proposed legislation will not have any fiscal impact on state government.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumptions:

- Cooperatives are nonprofit, non-governmental entities that are authorized to provide community utility services within the cooperative's service area.
- It is assumed that a cooperative and public utility would increase rates to offset any decreases to revenue or increases to expenditures that may result from the proposed legislation.
- Any net impact to cooperatives and public utilities is considered not significant.
- The proposed legislation is not expected to have any significant impact on jobs in the state.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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